

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103**

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In Re:

SGB, LLC
4212 South River Road
South Boston, VA 24592

2008-0016
Docket No. TSCA-03-2007-0309

RESPONDENT

CONSENT AGREEMENT

2305 Vaughan Street
South Boston, VA 24592

FACILITY

I. PRELIMINARY STATEMENT

1. This Consent Agreement is filed pursuant to Sections 15 and 16 of the Toxic Substances Control Act, 15 U.S.C. §§ 2614 and 2615 ("TSCA"), and the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits ("*Consolidated Rules*"), 40 C.F.R. Part 22. The Complainant is the Director, Waste and Chemicals Management Division, United States Environmental Protection Agency ("EPA"), Region III ("Complainant").
2. Pursuant to Section 22.13(b) of the *Consolidated Rules*, this Consent Agreement and the attached Final Order ("CAFO") both commence and conclude an administrative proceeding against SGB ("Respondent"), brought under Section 16 of TSCA, 15 U.S.C. § 2615, to resolve alleged violations of TSCA at Respondent's facility at 2305 Vaughan Street, South Boston, Virginia 24592 ("Facility").
3. This Consent Agreement is entered into by Complainant and Respondent to resolve EPA's claims for civil penalties based upon the violations alleged in the Findings of Fact, as set forth below.

4. For the purposes of this proceeding, Respondent admits the jurisdictional allegations of this Consent Agreement.
5. Respondent neither admits nor denies the Findings of Fact contained in this Consent Agreement, except as provided in Paragraph 4, above.
6. Respondent neither admits nor denies the Conclusions of Law contained in this Consent Agreement, except as provided in Paragraph 4, above.
7. For the purposes of this proceeding only, Respondent hereby expressly waives its right to a hearing on any issue of law or fact set forth in this Consent Agreement, and any right to appeal the Final Order attached hereto.
8. The settlement agreed to by the parties in this Consent Agreement reflects the desire of the parties to resolve this matter without litigation.
9. Respondent consents to the issuance of this CAFO and agrees to comply with its terms. Respondent agrees not to contest Complainant's jurisdiction with respect to the execution of this Consent Agreement, the issuance of the attached Final Order, or the enforcement thereof.
10. This CAFO resolves Respondent's liability for civil penalties under TSCA for the violations alleged in the Findings of Fact and Conclusions of Law. Nothing herein shall be construed to limit the authority of EPA to undertake action against any person, including Respondent, in response to any condition which EPA determines may present an imminent and substantial endangerment to the public health, public welfare or the environment. In addition, this settlement is subject to all limitations on the scope of resolution and to the reservation of rights set forth in Section 22.18(c) of the *Consolidated Rules*, 40 C.F.R. § 22.18(c).
11. EPA reserves any rights and remedies available to it to enforce the provisions of this CAFO under TSCA and regulations promulgated thereunder, and any other federal laws or regulations for which EPA has jurisdiction, following the entry of this CAFO.
12. Nothing in this CAFO shall alter or otherwise affect Respondent's obligation to comply with all applicable federal, state, and local environmental statutes and regulations.
13. The settlement embodied in this Consent Agreement is based in part upon an analysis of Respondent's ability to pay a civil penalty. This analysis was based upon information submitted to Complainant by Respondent, as listed on Exhibit A to this Consent Agreement. Respondent and its undersigned representatives, by each such representative's signature to this Consent Agreement, certify that the information

submitted to Complainant regarding Respondent's ability to pay is accurate and not misleading.

14. Respondent is aware that the submission of false or misleading information to the United States government may subject it to separate civil and/or criminal liability. Complainant reserves the right to seek and obtain appropriate relief if Complainant obtains evidence that the information provided and/or representations made by Respondent to Complainant regarding the matters at issue in the Findings of Fact and Conclusions of Law are false or, in any material respect, inaccurate.
15. Each party shall bear its own costs and attorney's fees in connection with this proceeding.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

16. Respondent is and was, at the time of the violations alleged herein, a "person" as defined in 40 C.F.R. § 761.3.
17. Respondent is and was, at the time of the violations alleged herein, the "owner" and "operator" of a Facility as those terms are defined in 40 C.F.R. § 761.3.
18. On or about June 22, 2005, a duly authorized representative of EPA ("Inspector") conducted a compliance evaluation inspection ("Inspection") at the Facility, during normal business hours, pursuant to the authority of Section 11 of TSCA, 15 U.S.C. § 2610. The purpose of the Inspection was to evaluate Respondent's compliance with regulations promulgated pursuant to TSCA Section 6(e), 15 U.S.C. § 2605(e), governing the prohibition of, and the requirements for, the manufacture, processing, distribution in commerce, use, disposal, storage and marking of polychlorinated biphenyls ("PCBs") and PCB Items.
19. On the basis of the Inspection and additional information collected subsequent thereto, Complainant has determined that Respondent has violated TSCA Sections 6(e) and 15, 15 U.S.C. §§ 2605(e) and 2614.

COUNT I

(Failure to Perform Quarterly PCB Transformer Inspections)

20. The allegations of paragraphs 1 through 19 of this Consent Agreement are incorporated herein by reference.
21. 40 C.F.R. § 761.30(a)(1)(ix) requires, in relevant part, that: "[a] visual inspection of each PCB Transformer. . . in use or stored for reuse shall be performed at least once every 3

months”; that “[t]hese inspections may take place any time during the three-month periods: January - March, April - June, July - September and October - December as long as there is a minimum of 30 days between inspections”; and that “[t]he visual inspections must include investigation for any leak of dielectric fluid on or around the transformer.”

22. At all times relevant to the allegations herein, there was present and in use, or stored for reuse, at the Facility one “PCB Transformer” as that term is defined at 40 C.F.R. § 761.3.
23. Respondent failed, during each of the three (3) month (i.e., quarterly) periods of March-May 2004, July-September 2004, October-December 2004 and January-March 2005, to perform visual inspections of, and/or investigations for any leak of dielectric fluid on or around the PCB Transformer then present and in use, or stored for reuse, at the Facility.
24. Respondent violated TSCA Section 15, 42 U.S.C. § 2614, and the requirements of 40 C.F.R. § 761.30(a)(1)(ix), on each of four separate occasions by failing to perform required visual inspections of, including investigations for dielectric fluid leaks on or around, the PCB Transformers then present and in use, or stored for reuse, at the Facility during each of the four (4) respective quarterly periods identified in paragraph 23 herein.

COUNT II

(Failure to Maintain PCB Annual Documents)

25. The allegations set forth in paragraphs 1 through 24 of this CAFO are incorporated herein by reference.
26. 40 C.F.R. § 761.180(a) provides that:

Beginning February 5, 1990, each owner or operator of a facility, other than a commercial storer or a disposer of PCB waste, using or storing at any one time at least 45 kilograms (99.4 pounds) of PCBs contained in PCB Container(s), or one or more PCB Transformers, or 50 or more PCB Large High or Low Voltage Capacitors shall develop and maintain at the facility, or a central facility provided they are maintained at that facility, all annual records and the written annual document log of the disposition of PCBs and PCB Items. The written annual document log must be prepared for each facility by July 1 covering the previous calendar year (January through December). The annual document log shall be maintained for at least 3 years after the facility ceases using or storing PCBs and PCB Items in the quantities prescribed in this paragraph. Annual records (manifests and certificates of disposal) shall be maintained for the same period. The annual records and the annual document log shall be available for inspection at the facility where they are maintained by authorized representatives of EPA during normal business hours, and each owner or operator of a facility subject to these requirements shall know the location of these records. All records and

annual documents required to be prepared and maintained by this section prior to February 5, 1990 shall continue to be maintained at the facility for the same time as the annual records and the annual document log. The annual document required for 1989 shall cover the period from January 1, 1989 to February 5, 1990.

27. 40 C.F.R. § 761.180(a)(1) and (2) further provide, in relevant part, that:

- (1) The annual records shall include the following:
 - (i) All signed manifests generated by the facility during the calendar year.
 - (ii) All Certificates of Disposal that have been received by the facility during the calendar year.
 - (iii) Records of inspections and cleanups performed in accordance with § 761.65(c)(5).
- (2) The written annual document log shall include the following:
 - (i) The name, address, and EPA identification number of the facility covered by the annual document log and the calendar year covered by the annual document log.
 - (ii) The unique manifest number of every manifest generated by the facility during the calendar year.

* * *

- (iii) The total number by specific type of PCB Articles and the total weight in kilograms of PCBs in PCB Articles, the total number of PCB Article Containers and total weight in kilograms of the contents of PCB Article Containers, the total number of PCB Containers and the total weight in kilograms of the contents of PCB Containers, and the total weight in kilograms of bulk PCB waste that was placed into storage for disposal or disposed during the calendar year.
 - (iv) The total number of PCB Transformers and total weight in kilograms of PCBs contained in the transformers remaining in service at the end of the calendar year.
 - (v) The total number of Large High or Low Voltage PCB Capacitors remaining in service at the end of the calendar year.
 - (vi) The total weight in kilograms of any PCBs and PCB Items in PCB Containers, including the identification of container contents, remaining in service at the facility at the end of the calendar year.

* * *

28. At all times relevant to the allegations herein, Respondent was the owner and operator of a facility using or storing, at any one time, at least 45 kilograms (99.4 pounds) of PCBs contained in PCB Container(s), or one or more PCB Transformers, or 50 or more PCB

Large High or Low Voltage Capacitors, and was neither a "commercial storer of PCB waste" nor a "disposer of PCB waste" as those terms are defined at 40 C.F.R. § 761.3.

29. At the time of the Inspection, Respondent failed to have available at the Facility, or at a central facility, for inspection by the EPA Inspector, upon request, copies of annual records and annual written document logs of the disposition of PCBs and PCB Items from the Facility that included the information required pursuant to 40 C.F.R. § 761.180(a)(1)(i) through (iii) and 761.180(a)(2)(i) through (vi), for the 2001, 2002, 2003, and 2004 calendar years.
30. Respondent violated TSCA Section 15, 42 U.S.C. § 2614, and the requirements of 40 C.F.R. § 761.180(a)(1) and (2), by failing to have available for inspection by authorized representatives of EPA, during normal business hours, at the Facility or at a central facility, copies of the Facility's 2001, 2002, 2003, and 2004 calendar year annual records and annual written document logs of the disposition of PCBs and PCB Items from the Facility that included the information required pursuant to 40 C.F.R. § 761.180(a)(1)(i) through (iii) and 761.180(a)(2)(i) through (vi).

IV. TERMS OF SETTLEMENT

31. Complainant has determined the appropriate penalty for the violations identified and described in this Consent Agreement upon consideration of a number of factors, including the penalty criteria set forth in Section 16 of TSCA, *i.e.*, the nature, circumstances, extent, and gravity of the violations and, with respect to the violator, ability to pay, effect on ability to continue to do business, any history of prior such violations, degree of culpability, and such other factors as justice may require. Respondent has provided EPA with information regarding Respondent's inability to pay a civil penalty. Based on such information and representations made to EPA by Respondent, Complainant has determined that Respondent is unable to pay a civil penalty. Complainant has therefore agreed that there shall be no civil penalty for the violations specified in this Consent Agreement, subject to the reservations in Paragraphs 13 and 14 herein.
32. Having determined that this Consent Agreement is in accordance with the law and that the civil penalty amount was determined after consideration of the statutory factors set forth in Section 16 of TSCA, 15 U.S.C. § 2615, Complainant hereby agrees and acknowledges that the settlement set forth in this Consent Agreement shall be in full and final satisfaction of all civil claims for penalties which Complainant may have under Section 16 of TSCA for the violations alleged herein.

V. PARTIES BOUND

33. This Consent Agreement and the accompanying Final Order shall apply to and be binding upon EPA, Respondent, Respondent's officers and directors (in their official capacity) and Respondent's successors and assigns.

VI. EFFECTIVE DATE

34. The effective date of this CAFO is the date on which it is filed with the Regional Hearing Clerk after signature by the Regional Judicial Officer or Regional Administrator.

VIII. AUTHORITY TO EXECUTE AGREEMENT

35. By their signatures below, the persons signing this Consent Agreement on behalf of Respondent acknowledges that they are fully authorized to enter into this Consent Agreement and to bind the Respondent to the terms and conditions of this Consent Agreement and the accompanying Final Order.
-

For Respondent:

Date: _____

By: _____

Gene F. Bailey
Managing Partner
SGB, LLC

Date: 10-10-2007

By: Nasser D. Haverim

Nasser David Haverim
Managing Partner
SGB, LLC

V. PARTIES BOUND

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35. By their signatures below, the persons signing this Consent Agreement on behalf of Respondent acknowledges that they are fully authorized to enter into this Consent Agreement and to bind the Respondent to the terms and conditions of this Consent Agreement and the accompanying Final Order.

For Respondent:

Date: 09/28/07

By: Gene F. Bailey
Gene F. Bailey
Managing Partner
SGB, LLC

Date: _____

By: _____
Nasser David Haverim
Managing Partner
SGB, LLC

For Complainant:

Date: 11/19/07

By:

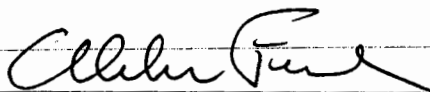


Janet E. Sharke
Senior Assistant Regional Counsel
U.S. EPA, Region III

After reviewing the foregoing Consent Agreement and other pertinent information, the Director of the Waste and Chemical Management Division, EPA Region III, recommends that the Regional Administrator or the Regional Judicial Officer issue the Final Order attached hereto.

11/28/07
Date

By:



Abraham Ferdas, Director
Waste and Chemicals Management Division

EXHIBIT ^Q APPENDIX A

Financial Statement of Corporate Debtor, dated December 20, 2006

Form 1065, U.S. Return of Partnership Income, 2001

Form 1065, U.S. Return of Partnership Income, 2002

Form 1065, U.S. Return of Partnership Income, 2003

Form 1065, U.S. Return of Partnership Income, 2004

Form 1065, U.S. Return of Partnership Income, 2005

Form 1065, U.S. Return of Partnership Income, 2006

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103**

In Re:

SGB, LLC
4212 South River Road
South Boston, VA 24592

Docket No. TSCA-03-2008-0016

RESPONDENT

2305 Vaughan Street
South Boston, VA 24592

FINAL ORDER

FACILITY

FINAL ORDER

Complainant, the Director, Waste and Chemicals Management Division, U.S. Environmental Protection Agency, Region III, and Respondent, SGB, LLC, have executed a document entitled "Consent Agreement" which I hereby ratify as a Consent Agreement in accordance with the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits, 40 C.F.R. Part 22. The terms of the foregoing Consent Agreement are accepted by the undersigned and incorporated herein as if set forth at length.

NOW THEREFORE, pursuant to Section 16(a) of TSCA, 14 U.S.C. § 2615(a), and based on representations in the Consent Agreement that the penalty agreed to in the Consent Agreement is based on a consideration of the factors set forth in Section 16 of TSCA, 15 U.S.C. § 2615, Respondent SGB, LLC, is hereby ordered to comply with the terms and conditions of the Consent Agreement.

The effective date of this document is the date on which it is filed with the Regional Hearing Clerk after signature by the Regional Administrator or Regional Judicial Officer.

Date: 11/29/07

Renée Sarajian

Renée Sarajian
Regional Judicial Officer
U.S. EPA, Region III

CERTIFICATE OF SERVICE

I hereby certify that the original and one copy of the foregoing Consent Agreement and Final Order, EPA Docket No. TSCA-03-2008-0016, has been filed with the Regional Hearing Clerk, EPA, Region III, and that a true and correct copy of the Consent Agreement and Final order was sent today via Federal Express to:

Mr. Gene F. Bailey
Managing Partner
SGB, LLC
c/o 4212 South River Road
South Boston, VA 24592

Mr. Nasser D. Haverim
Managing Partner
SGB, LLC
c/o Mission Dyehouse LLC
764 S. Stanford Ave.
Los Angeles, CA 90021

12/3/07
Date



Janet E. Sharke (3RC30)
Counsel for Complainant
U.S. Environmental Protection Agency, Region III
215-814-2689

